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lic accountants endeavor to set them right, it is slow work. In a recent failure it was disclosed that while the balance sheet of the bankrupt showed \$9,000,000 of liabilities there were outstanding liabilities of \$31,000,000 additional, consisting of so-called notes receivable discounted. The "notes receivable" were mostly worthless, so that the endorsement thereon converted them into direct liabilities. The practice had been going on for years, and is still prevalent to a large degree.

The suggestion that contracts for future contracts should be reflected in a balance sheet is more radical. It accords with the theories of professional auditors, but is seldom seen in practice. Where the commitment is not unfavorable and is merely an incident of a going business, there is little to be said in favor of mentioning it on the face of a balance sheet; where the commitment will probably result unfavorably, it certainly must be mentioned or a balance sheet will not set forth the true financial position of a concern at a given date. For this advanced stand Professor Cole deserves great credit.

R. H. MONTGOMERY.

*Railroad Accounting.* By WILLIAM E. HOOPER. (New York: D. Appleton and Company. 1915. Pp. xi, 461. \$2.00.)

Mr. Hooper's book is undoubtedly designed for the use of practical railroad accountants as well as for investors and students of railroad operations. It covers both theoretical accounting problems and practical bookkeeping methods. The subject is one that is difficult to handle in all its aspects. Mr. Hooper states that his prime purpose is to show the "why" of the accounts, and not to discuss the question whether the Interstate Commerce accounting rules are the best that can be devised. One can not read very far into his pages, however, without discovering that he is not in accord with the strict classification of "additions and betterments." Thus, on page 38, he says:

The commission, by defining expenses so as to exclude betterments is putting the roads in danger of adopting such a short sighted policy that they will not in fair times accumulate a surplus, not necessarily a fund, but a condition of property comparable to the new suit on which they can live in times of depression.

Moreover, the contention of the railroads that betterment expenditures representing the "cost of progress" should be paid out of current earnings, rather than the issue of new securities is

upheld as "sound business practice" (p. 44). Cost of progress, however, is "an additional investment in property and not an expense incident to maintenance" (p. 49).

In the discussion of depreciation, Mr. Hooper offers further criticism of the commission's accounting regulations. It is pointed out that inasmuch as the rules permit the railroad companies to determine the rate of depreciation with respect to rolling equipment this charge has more often been determined by the financial situation of each individual road rather than at the rate at which the equipment wears out. "A charge for depreciation is in the nature of a 'guess' at the life of equipment, and 'guessing' is not the business of the accountant" (p. 52). The rule regarding charges for property abandoned, in which a distinction is made between *vertical* and *lateral* abandonment, is held to be "inconsistent in many cases and likely to work hardships, but the Supreme Court has upheld the commission in this rule" (p. 53).

In the reviewer's opinion, the most useful portion of Mr. Hooper's book, and that which will be appreciated greatly by railroad students, is that dealing with railroad accounting and financial organization. There is very little literature on this general subject available. The best account hitherto published is a report made about ten years ago to the International Railway Congress by Mr. A. H. Plant, comptroller of the Southern Railway. The bookkeeping methods and auditing devices relating to the numerous varied and complex activities of railroads are exceedingly difficult to fully and plainly describe in a single volume. The accounting of revenues from the issuing of the way-bill on the passenger ticket until the money reaches the general treasury of the company, and the auditing of disbursements from the authorization of the expenditure to its final allocation and analysis in the periodical expense account, involve an elaborate systemization and the application of strict methods of routine. "Red-tape" can not be entirely eliminated, but American railroad managers have been more successful in avoiding it than have the federal and state governments.

The inclusion of illustrations of numerous accounting forms used by the large railroad systems is commendable, but it is to be regretted that so little care was shown in their arrangement. Some of the forms have been so much reduced in size by photographic process that they are illegible. Others are so placed on the page that they can not be readily distinguished from the text.

The insertion of the complete text of the Interstate Commerce Commission's accounting classifications at the end of certain chapters is certainly a detriment to continuity in the book. They would serve better as appendixes. Indeed, it is doubtful whether any advantage, other than an enlargement of almost 150 pages, is gained through the insertion of these texts. The bulletins of the Interstate Commerce Commission are readily obtainable. Moreover, they are revised almost annually, and it is not assumed that the publishers will put out a new edition of Mr. Hooper's book each time a revision is made.

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#### NEW BOOKS

- AUGHINBAUGH, W. E. *Selling Latin America. A problem in international salesmanship. What to sell and how to sell it.* (Boston: Small, Maynard. 1915. Pp. vi, 408. \$2.)
- ALLEN, I. R. *Personal efficiency, applied salesmanship, and sales administration.* (Chicago: LaSalle Exten. Univ. 1915.)
- BATESON, W., editor. *Pitman's municipal office organization and management.* (London: Pitman. 1915. Pp. 483.)
- BELL, S. *A report on accounting and financial administration for correctional institutions.* (Springfield, Ill.: Efficiency and Economy Committee. 1915.)
- BLANTON, B. H. *Credit, its principles and practice.* (New York: Ronald Press Co. 1915. Pp. 319. \$2.)
- CHAMBERLAIN, O. H. *Salesmanship; a group of nine special articles.* (Chicago: Office Appliance Co. 1915. Pp. 52, illus.)
- CHAPMAN, H. H. *Forest valuation.* (New York: Wiley. 1915. Pp. xvi, 284. \$2.)
- DAVIES, E. *The hundred best investments. With special article on the war and investments.* (London: British, Foreign, and Colonial Corporation. 1915. 1s.)
- DIEMER, H. *Industrial organization and management.* (Chicago: LaSalle Exten. Univ. 1915. Pp. xv, 291.)
- DECHESNE, L. *Economie industrielle et sociale, à l'usage des commerçants et industriels.* (Paris: Tenin. 1915. 2.50 fr.)
- DICKSEE, L. R. *Auditing.* Tenth edition. (London: Gee & Co. 1915. 10s. 6d.)
- DICKSEE, L. R. *Business methods and the war.* (London: Cambridge Univ. Press. 1915. Pp. 80. 2s.)

- ELLIOTT, H. P. *Direct by mail advertising*. (Cambridge, Mass.: Elliott Co. 1915. Pp. 53.)
- ESQUERRÉ, P. J. *Problems involving the application of the theory of accounts. For use in connection with "The applied theory of accounts."* Pt. 1, problems 1-32. (New York: Ronald Press. 1915. Pp. 69.)
- EYTINGE, L. V. *Writing business letters which get the business. A group of six special articles*. (Chicago: Office Appliance Co. 1915. Pp. 39, illus.)
- FISH, J. C. L. *Engineering economics*. (New York: McGraw-Hill. 1915. Pp. 217. \$2.)
- FRANKLIN, B. A. *Experiences in efficiency*. (New York: Engg. Mag. 1915. Pp. xi, 167. \$1.)
- FRIDAY, D. *Problems in accounting*. (Ann Arbor, Mich.: Ann Arbor Press. 1915. Pp. ix, 134. \$2.)
- GARDNER, E. H. *Effective business letters*. (New York: Ronald Press. 1915. Pp. xii, 276. \$2.)
- HALL, S. R. *Writing an advertisement*. (Boston: Houghton Mifflin. 1915. Pp. 216. \$1.)
- HARRIMAN, G. W. *Railroad valuations; a treatise on methods for the valuation of property of common carriers, based on the specifications of the valuation act and the decision of the United States Supreme Court*. Pt. I. (Boston: Wright & Potter. 1915. Pp. 74.)
- HAYES, H. V. *Public utilities; their fair present value and return*. (New York: Van Nostrand. 1915. Pp. viii, 207. \$2.)
- HUMPHREY, J. R. *A system of accounts for farmers' coöperative elevators*. (Washington: Dept. of Agriculture. 1915. Pp. 30. 10c.)
- KIXMILLER, W. and SPENCER, W. H. *Business law, case method*. (Chicago: Commerce Clearing House. 1915. \$12.)
- KLEIN, J. J. *Elements of accounting theory and practice*. Revised edition. (New York: Appleton. 1915. Pp. xvi, 422. \$1.50.)
- KLEIN, J. J. *Student's handbook of accounting. Solutions to questions in theory of accounts, practical accounting, and auditing contained in "Elements of accounting," for the use of teachers, students, and practicing accountants*. (New York: Appleton. 1915. Pp. vi, 136. \$2.)
- To be reviewed.
- LAKE, N. W. *Handbook of Rhode Island investments, March, 1915*. (Providence, R. I.: E. A. Johnson & Co. 1915. Pp. 20. 15c.)
- LILL, T. R. *Standard classification of accounts for the use of the city and county of Denver, Colorado, with explanatory statements and ready reference index*. (Denver: Colorado Taxpayers Protective League. 1915. Pp. 57.)

- LISSENDEN, G. B. *Industrial traffic management*. (London: Pitman. 1915. Pp. 260. 7s. 6d.)
- MCCARTY, R. J. *Federal valuation of railroad property*. (Kansas City, Mo.: The author, 3820 Warwick Blvd. Pp. 103.)
- MARKER, W. H. *Marker's interest and bond tables*. (Indianapolis: Monarch Prtg. Co. 1914. Pp. 119. \$2.)
- MARTIN, M. *Modern methods of merchandising*. (Minneapolis: Architect Bull. Co. 1915. Pp. 30, illus. \$1.)
- MARTIN, M. *Planning an advertising campaign for a manufacturer*. (Minneapolis: Univ. of Minn. 1915.)
- MOODY, J. *Moody's analyses of investments*. Pt. I. *Steam railroads*. Sixth annual number. (New York: Moody's Investors Service. 1915. Pp. 15-932. \$15.)
- NAHSTOLL, G. A. *A system of accounting for coöperative fruit associations*. (Washington: Dept. of Agriculture. 1915. Pp. 25. 5c.)
- NICHOLS, H. W. *A method of determining costs in a cotton mill*. (New Bedford, Mass.: E. Anthony & Sons. 1915. Pp. 115. \$3.)
- PREEN, H. *Reorganisation and costings*. New and enlarged edition. (London: Simpkin Marshall & Co. 1915. Pp. viii, 188. 2s. 6d.)
- RANKIN, E. H. *The "Cleveland" pay roll calculator for hourly rates of wages*. (Cleveland: J. B. Savage Co., 164 Prospect St. 1915. \$3.50.)
- ROPP, C. *Ropp's price marking tables and profit and loss indicator*. (Chicago: C. Ropp & Sons. 1915. Pp. 39. \$5.)
- SALIERS, E. A. *Principles of depreciation*. (New York: Ronald Press Co. 1915. Pp. xii, 200. \$2.50.)  
To be reviewed.
- SHAW, A. W. *Some problems in market distribution*. (Cambridge: Harvard Univ. Press. 1915. Pp. 135. \$1.)
- SPRAGUE, C. E. *Complete bond tables to eight places*. Fourth edition. (New York: Ronald Press. 1915. Pp. 234. \$6.)
- STEPHENSON, G. *The pricing of quantities*. (London: Constable. 1915. Pp. 222. 3s. 6d.)
- TAYLOR, A. G. *Progressive course in salesmanship*. (Chicago: J. Watson & Co. 1914. \$8.)
- THOMPSON, M. J. *Thompson on sales of stocks and bonds*. (Chicago: Barnard & Miller. 1915. Pp. xxv, 208. \$3.)
- The library of factory management*. Vol. IV. *Labor*. (Chicago: A. W. Shaw Co. 1915. Pp. 216. \$3.)
- List of railroad bonds considered legal investments for savings banks by the banking departments of the states of New York, Massachu-*

*setts, Connecticut, Vermont.* (New York: White & Kemble. 1915. Pp. 27. 50c.)

*Rules and regulations of the Secretary of Agriculture under cotton futures act of August 18, 1914.* (Washington: Dept. of Agriculture. 1915. Pp. 24. 5c.)

*Stock exchange official intelligence.* (London: Spottiswoode. 1915. Pp. 1,798. 50s.)

*1915 C. P. A. examinations and solutions*, vol. I. (New York: Ronald Press. 1915. Pp. 300. \$3.)

Gives examinations of Wisconsin, April, 1914; Ohio, November, 1914; Pennsylvania, November, 1914; and New York, January, 1915. Solutions are by Walter P. Kohr, Cleaveland R. Cross; F. H. Elwell; Paul-Joseph Esquerre; Thomas Conyngton; and others. Volume II for 1915 is to be issued in December and will contain four examinations.

## Capital and Capitalistic Organization

### NEW BOOKS

CURTIS, E. N. *Manual of the Sherman law. A digest of the law under the federal anti-trust acts.* (New York: Baker, Voorhis & Co. 1915. Pp. xliii, 383. \$3.50.)

DURAND, E. D. *The Trust Problem.* (Cambridge: Harvard University Press. 1915. Pp. 145.)

To be reviewed.

EMERY, J. A. *Handbook of the federal trade commission act.* (New York: National Council for Industrial Defense, 30 Church St. 1915.)

ESTABROOK, H. D. *The law merchant vs. the law of politicians. A diagnosis of the case of American business.* (New York: The Market World. 1915. Pp. 16.)

PERKINS, G. W. *The Sherman law. Where it has failed, why it has failed, and a constructive suggestion.* (New York: The Market World. 1915. Pp. 23.)

PHELPS, E. M., compiler. *Selected articles on federal control of interstate corporations.* Second edition, enlarged. (White Plains, N. Y.: Pp. 270. \$1.)

WHITE, F. *White on corporations; containing the laws as amended to January 1, 1915.* Eighth edition. (New York: Baker, Voorhis. 1915. Pp. xi, 1858. \$10.)

*A practical plan for public ownership and operation of natural resources.* (Charleston, W. Va.: Lovett Prtg. Co. 1915. Pp. 44. 50c.)

*Public utilities reports annotated, containing decisions of the public service commissions and of state and federal courts.* (Rochester, N. Y.: Lawyers Coöperative Pub. Co. 1915. Pp. xxxi, 1241. \$5.)